The background of the slide features a large, stylized American flag in the upper left corner, with its stars and stripes flowing across the top. The rest of the background is a solid blue color, decorated with a pattern of small, dark blue squares that resemble a digital or network grid, particularly concentrated on the right side.

Home Station to the Battlefield:
Enabling Warfighters

DoD Enterprise Software Initiative

A New Way to Engage Systems Integrators



August 25, 2005



Enterprise Software Agreements

Team Approach

- ❖ ESI Working Group composed of members from the Major DoD Components, Championed by DoD CIO
- ❖ Five DoD Components host Software Product Managers (SPM) to consolidate requirements, develop business cases, and negotiate & administer agreements: Army, Department of the Navy, Air Force, DISA, DLA
- ❖ Product/services suggestions come, primarily, from the field, as SPMs communicate with their customers. When there is sufficient interest – or a pressing capability gap – assignment is made by the ESI Working Group based on assigned product category, or “ownership” of a large requirements block.



Home Station to the Battlefield:
Enabling Warfighters

Enterprise Software Agreements

- ❖ Enterprise Software Agreements (ESA)
 - ❖ Contracts or Blanket Purchase Agreements used by the DoD to Acquire Software, Software Maintenance, or Selected Services
 - ❖ Open to all DoD, the U. S. Coast Guard, the Intelligence Community, and Authorized Defense Contractors
 - ❖ Products are Standards-Compliant (Joint Technical Architecture, etc.)
 - ❖ Negotiated and administered by ESI *Software Product Managers*
- ❖ ESA highlights:
 - ❖ New Oracle agreement; co-branded with SmartBUY
 - ❖ New ProSight agreement; co-branded with SmartBUY
 - ❖ WinZip agreement; co-branded with SmartBUY
 - ❖ Five *Systems Integrators* under contract for ERP installations

August 25, 2005



Home Station to the Battlefield:
Enabling Warfighters

Enterprise Software Agreements

Oracle

- ❖ Oracle database and application software licenses, support, training and consulting services at prices discounted from 26% to 45% off GSA schedule prices.
- ❖ Latest 'co-branded' agreement; managed by ESI and the General Services Administration federal SmartBUY program. Open to the entire DoD, all US Federal Agencies, and authorized contractors.
- ❖ Resellers include Northrop Grumman, DLT, and Mythics - or customer can order directly from Oracle.
- ❖ **View BPA at <http://www.esi.mil>, or contact Army SPM: Diane Grim, 732-427-6723, diane.grim@us.army.mil**

August 25, 2005



Home Station to the Battlefield:
Enabling Warfighters

Enterprise Software Agreements

ProSight

- ❖ Includes software licenses, maintenance, training and installation services for ProSight enterprise portfolio management software. Discounts range from 3% to 39% off GSA schedule prices.
- ❖ Another 'co-branded' agreement; managed by ESI and the General Services Administration federal SmartBUY program. Open to the entire DoD, all US Federal Agencies, and authorized contractors.
- ❖ View BPA at <http://www.esi.mil>, or contact Army SPM: Dave Bahary, 732-532-7123, david.bahary@us.army.mil

August 25, 2005



Home Station to the Battlefield:
Enabling Warfighters

Enterprise Software Agreements

WinZip 9.0

- ❖ Priced at *45 cents* per copy; a 98% discount off list price! License purchase includes free upgrades and maintenance for 2 years from purchase date.
- ❖ Vendor is an “8(a)” small/disadvantaged business/SDB Alaska Native corporation – Eyak Technology LLC
- ❖ First ‘co-branded’ ESI/SmartBUY agreement. Managed by ESI and the General Services Administration federal SmartBUY program. Open to the entire DoD, all US Federal Agencies, and authorized contractors.
- ❖ **View BPA at <http://www.esi.mil>, or contact Army SPM: Dave Bahary, 732-532-7123, david.bahary@us.army.mil**

August 25, 2005



SmartBUY

ESRI, Manugistics, Novell, WinZIP,
ProSight and Oracle



- ❖ SmartBUY sponsored by Federal CIO Council and OMB as part of the President's Management Agenda eGov Strategy.
 - ❖ Extends enterprise software licensing to Federal agencies
 - ❖ GSA is SmartBUY executive agent
 - ❖ **SmartBUY is implemented in DoD through ESI:**
 - ESI Team participated on initial cross-agency team; offered "lessons learned" from ESI start-up
 - ESI & GSA SmartBUY have close working relations. SmartBUY PM attends monthly ESI Team Meetings, and ESI participates in SmartBUY negotiations.



SmartBUY

OMB Direction



- ❖ **OMB memo of February 27, 2004: *Maximizing Use of SmartBuy and Avoiding Duplication of Agency Activities with the President's 24 E-Gov Initiatives***
 - DoD must review commercial s/w acquisitions for possible inclusion in SmartBUY, and ensure s/w acquisitions do not duplicate any E-Gov initiative
 - For all s/w contracts that: 1) are ID'd as SmartBUY targets, or 2) are HR, FM, or Grants – related, KOs must ensure that yearly options are in place to allow for easy transition to SmartBUY
 - DCIO may seek waiver, *where compelling justification exists*, to procure SmartBUY ID'd commercial s/w through other means.
- ❖ **OMB e-mail of February 15, 2005: E-Gov/LOB/ SmartBUY Alignment Report**
 - 279 DoD investments showed a potential relationship to the software products then offered under SmartBUY: ESRI, Manugistics, Novell, and WinZIP
 - Investments must describe their “alignment” status with one or more of the SmartBUY software products
 - Data call issued, response furnished...continuing dialogue



ESI Policy

- Department of Defense (DoD) Chief Information Officer (CIO) Guidance and Policy Memorandum No. 12-8430-July 26, 2000 – *Acquiring Commercial Software*
- USD(AT&L)/ASD(NII) memo of September 16, 2003, *DoD Support for the SmartBUY Initiative*
- Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 208.74, *Enterprise Software Agreements*
- DoDI 5000.2, *Operation of the Defense Acquisition System*



Systems Integration Agreements

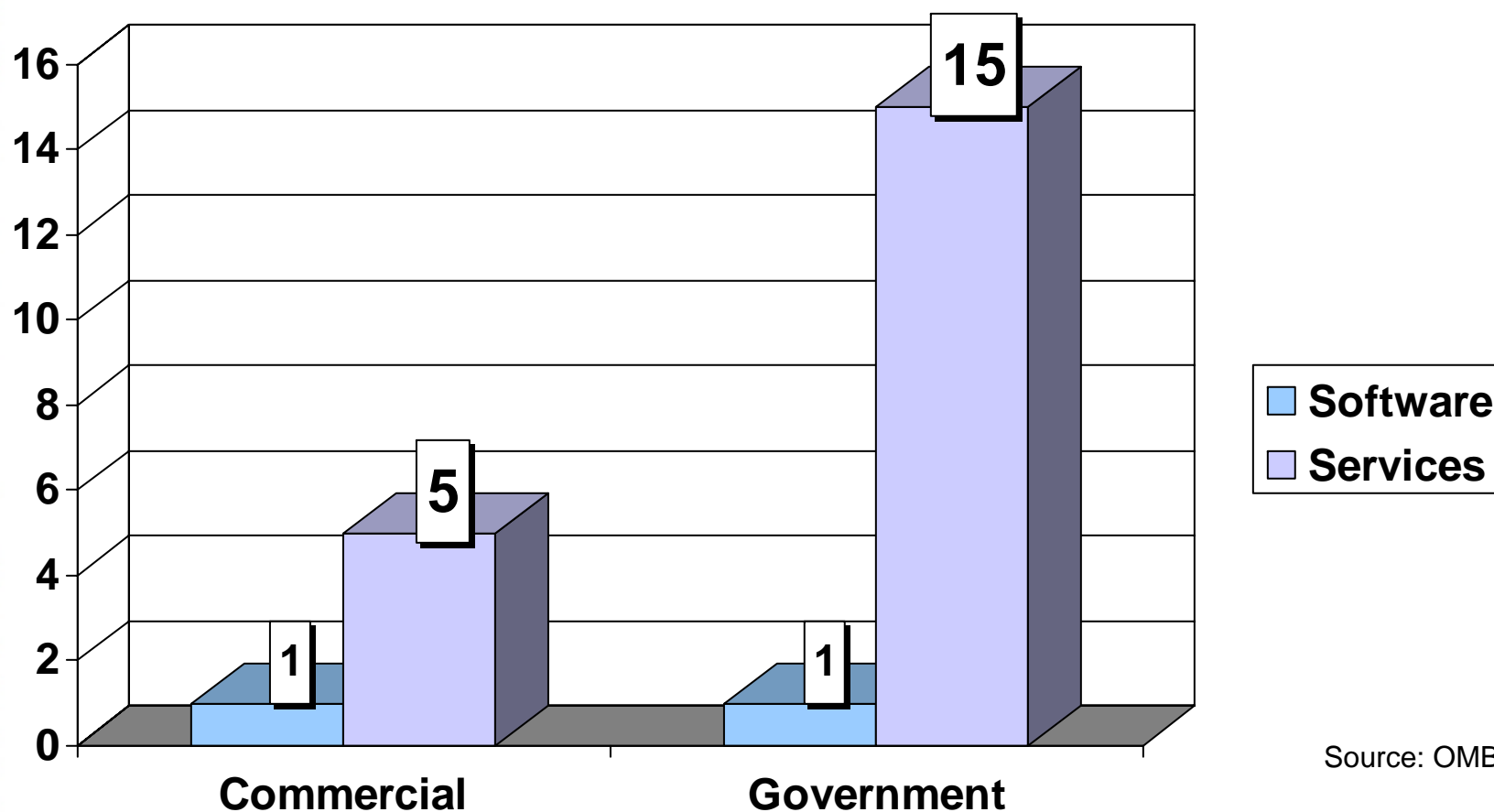
- ❖ *Transformation of DoD business processes* is leading to wide-scale adoption of commercial ERP solutions. Majority of associated total cost comes from engagement of systems integrators.
- ❖ DoD ESI awarded Blanket Purchase Agreements (BPA) to five qualified systems integrators, enabling more rational & efficient commercial software integration process.
- ❖ DoD programs considering use of Oracle, PeopleSoft, and SAP software are the prime “target market”. Programs integrating other commercial software (such as Manugistics, DSG, and AMS Momentum) can also use these BPAs.



Home Station to the Battlefield:
Enabling Warfighters

Software to Services Ratios

Why



Source: OMB

August 25, 2005



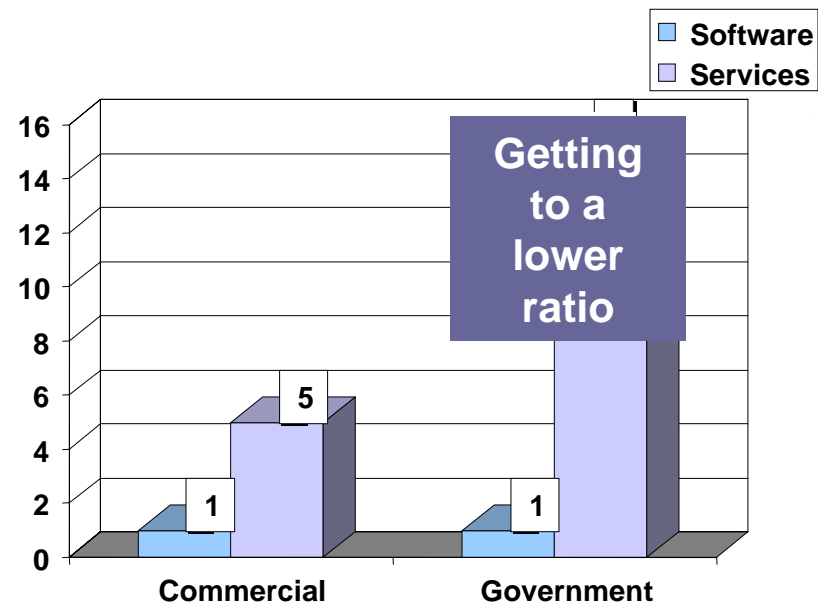
Reducing the Ratio

If ESI avoided \$2B in the cost of software license costs over 5 years, how much cost can be avoided on services?

How to reduce the ratio:

- ☐ Via ESI*
- ☐ Via toolkit / domain advocacy / compliance streamlining
- ☐ Education and training via DAU / NDU
- ☐ Via reuse / leverage (RICE, Education and Training, etc.)

(Matching commercial ratios is not likely with government-specific requirements.)



* **Labor Rate discounts are not the ultimate goal.** Establishing BPAs with fixed prices tied to vendors' disciplined methodologies for COTS implementations will avoid risky and costly pricing structures (e.g. paying for time spent and not for results).

Why



Home Station to the Battlefield:
Enabling Warfighters

COTS Systems Integration Services

Why &
How

APPROACH

Market Research and Strategy Coordinated with Logistics Systems Management within DUSD AT&L

- Program Implementation Group (PIG) Collaboration
- Real-world users involved throughout the process (commercial and government organizations)

Confirmed by Gartner, Forrester, Acquisition Solutions Inc.

OBJECTIVES

Pre-negotiated, best value agreements for systems integration services

Enable the acquisition of Systems Integration services more quickly, more effectively, and less costly.

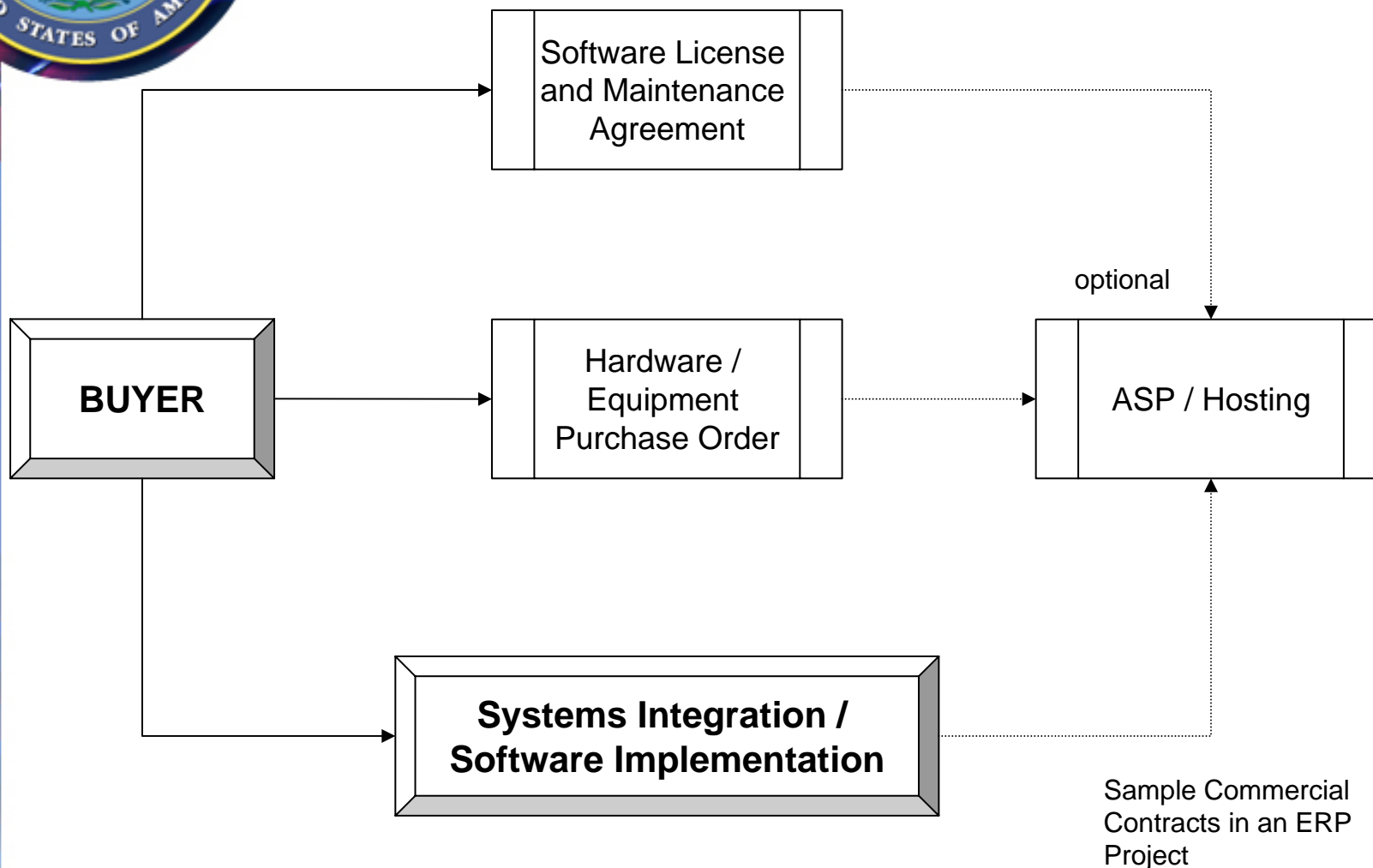
Enable projects to have greater likelihood of success / reducing risk by using best contracting practices and educating buyers

Develop / adopt a standardized contract structure based on proven methodologies for COTS implementation

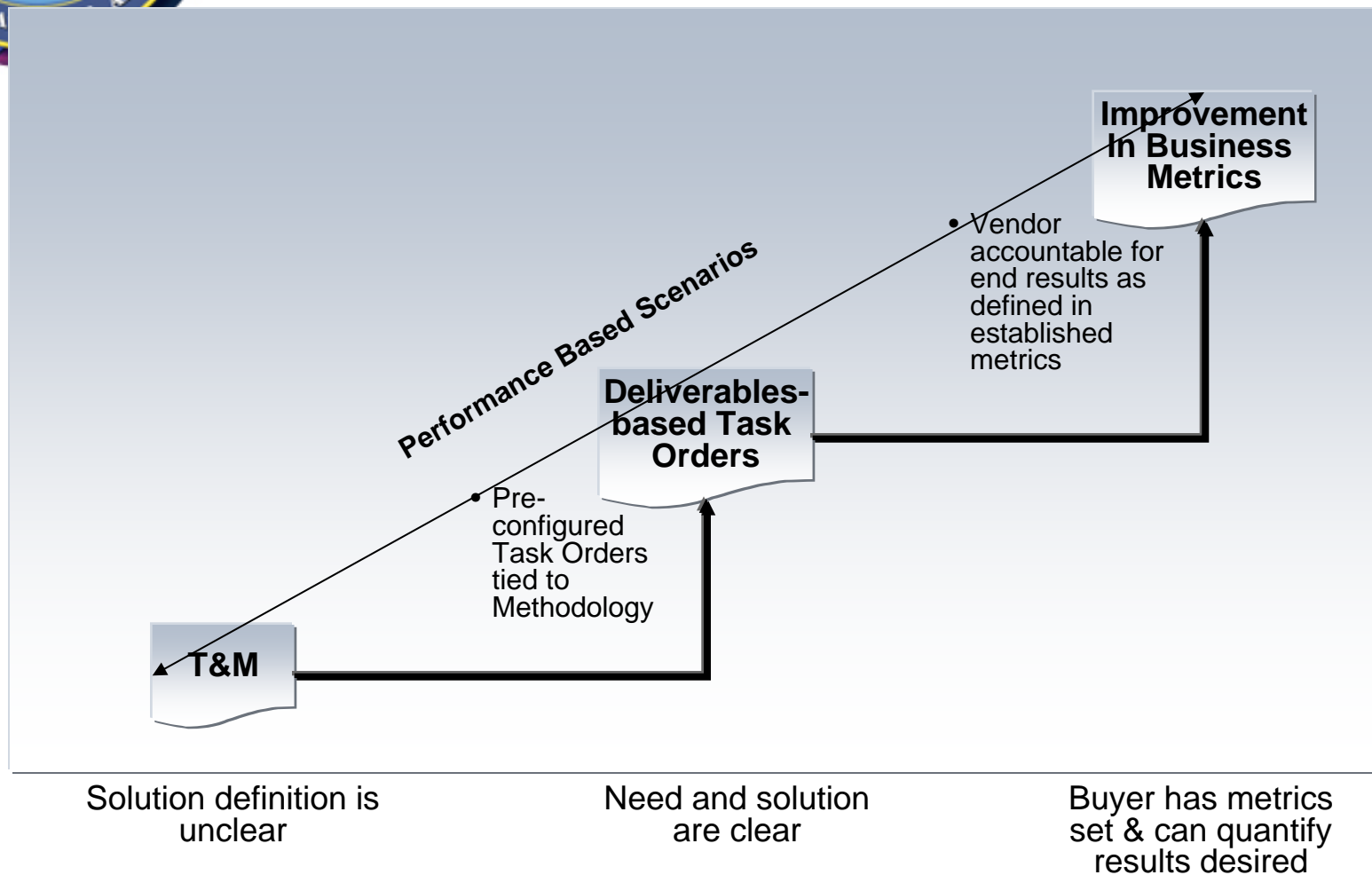
August 25, 2005



Key Contracts Involved



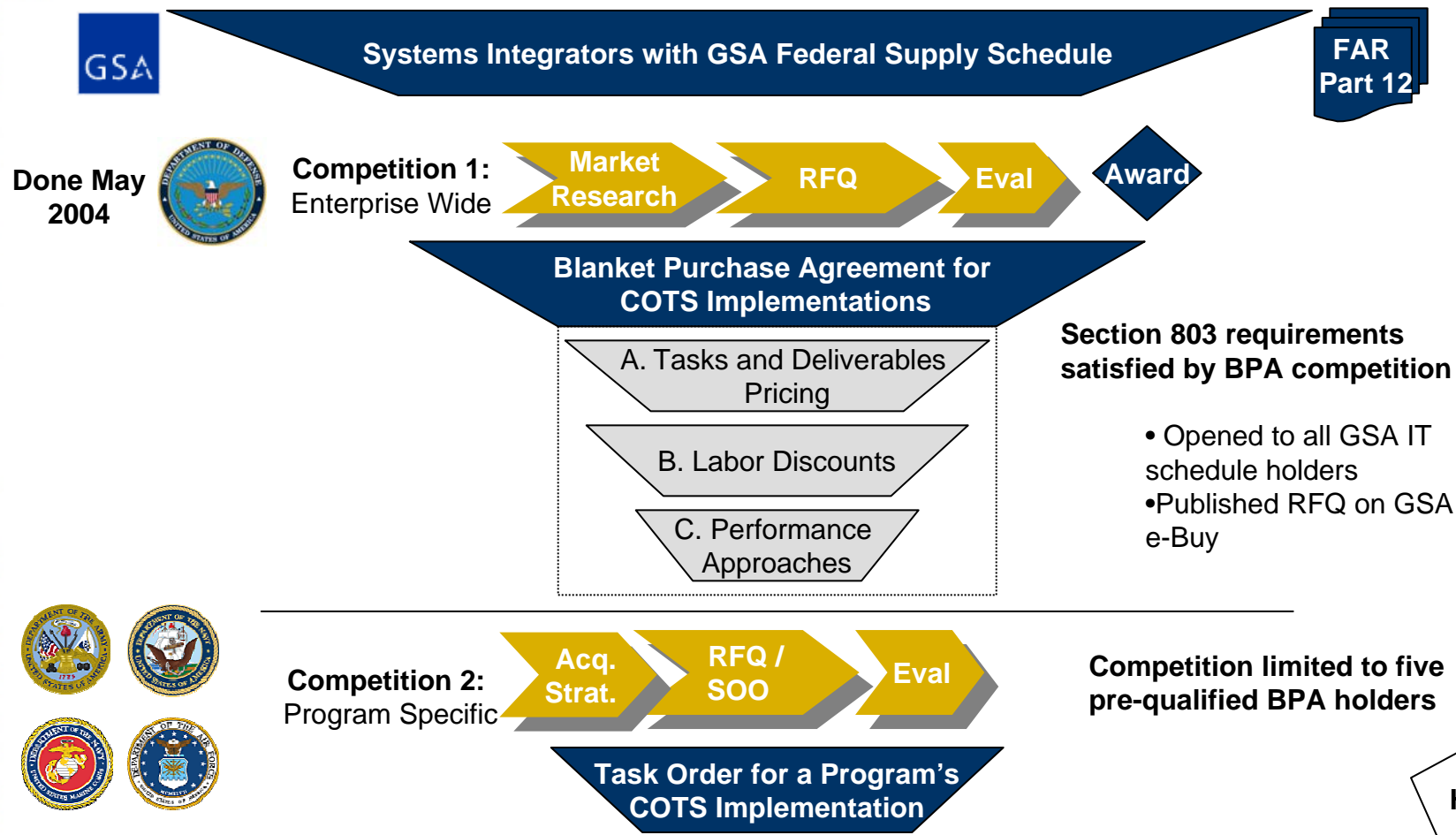
Typical Pricing Structures





Home Station to the Battlefield:
Enabling Warfighters

Contracting Process for the SI Vehicles

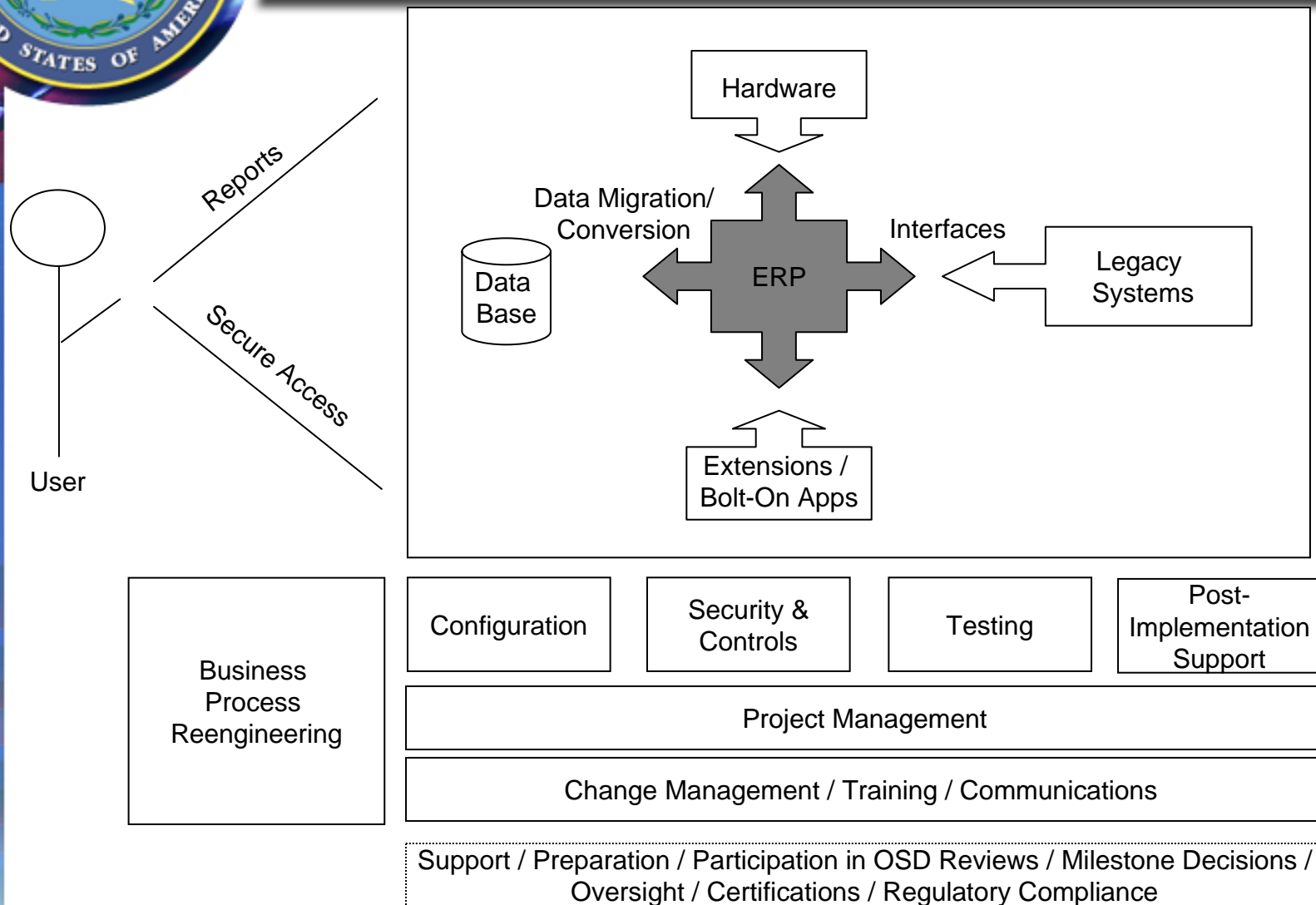


August 25, 2005



Home Station to the Battlefield: Enabling Warfighters

Services Typically Purchased in a Systems Integration Project

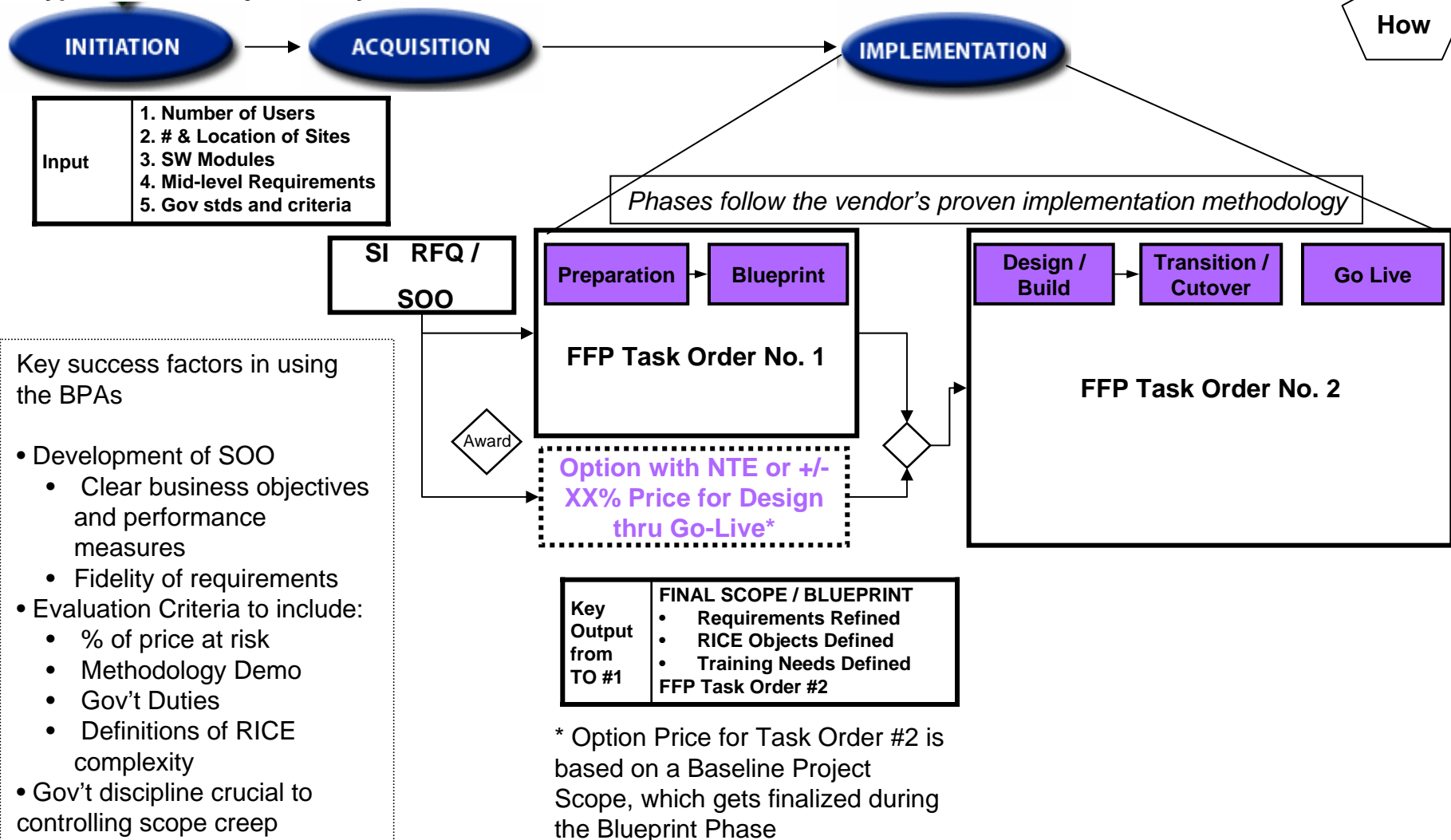


August 25, 2005



Task Order Structure Aligned with COTS Project Life-Cycle

Typical COTS Project Lifecycle



Baseline Scope and Factors

What

| Oracle, PeopleSoft, and SAP | Baseline Scope for Pricing |
|-------------------------------------|------------------------------|
| Business Processes | Maximum of 138 |
| Applications or Modules | 3 (in same business area) |
| Number of Users | 500 |
| Number of Reports | 1 |
| Number of Interfaces | 16 |
| Number of Conversions | 16 |
| Number of Extensions | 21 |
| Number of Extensions/Customizations | 0 |
| Number of Workflows | 15 |
| Number of Forms | 6 |
| Number of Security profiles | 30 |
| Training Approach | 3 Course subjects per Module |

**One
Table
covers
all three
COTS
Package
s**

**Three
Tables
for each
of the
three
COTS
Package
s**

| | Oracle | | | PeopleSoft | | | SAP | | |
|---------------------------|----------------------------------|----------------------------------|-----------------------------------|---|---|---|---|---|---|
| | Small | Medium | Large | Small | Medium | Large | Small | Medium | Large |
| Modules | 2 | 8 | 15 | 2 | 4 | 6 | 2 | 5 | 9 |
| Users | 200 | 2000 | 5000 | 200 | 2000 | 5000 | 200 | 2000 | 5000 |
| Business Locations | 1 | 3 | 5 | 1 | 1 | 3 | 1 | 3 | 5 |
| Duration (months) | 8 | 16 | 24 | 12 | 18 | 24 | 12 | 18 | 24 |
| Reports | 20 | 40 | 80 | 10 | 20 | 30 | 20 | 40 | 70 |
| Interfaces | 20 | 25 | 10 | 10 | 20 | 15 | 10 | 20 | 30 |
| Conversions | 10 | 20 | 30 | 5 | 10 | 20 | 20 | 25 | 40 |
| Extensions / Enhancement | 10 | 15 | 25 | 5 | 10 | 20 | 10 | 15 | 20 |
| Workflows | 5 | 5 | 5 | 2 | 5 | 10 | 5 | 10 | 20 |
| Train the Trainer Classes | 2 classes / one per module | 8 classes / one per module | 15 classes / one per module | 2 classes / one course per module | 4 classes / one course per module | 6 classes / one course per module | 2 classes / one course per module | 5 classes / one course per module | 9 classes / one course per module |
| Price | \$ 2,854,731 | \$ 8,657,492 | \$20,218,683 | \$3,741,480 | \$7,002,972 | \$ 10,191,816 | \$5,409,763 | \$ 11,484,029 | \$23,668,301 |

August 25, 2005

Home Station to the Battlefield: Enabling Warfighters

Phased Approach: Price Tied to Methodology

Ordering Period: 1/01/2004 - 10/31/2004

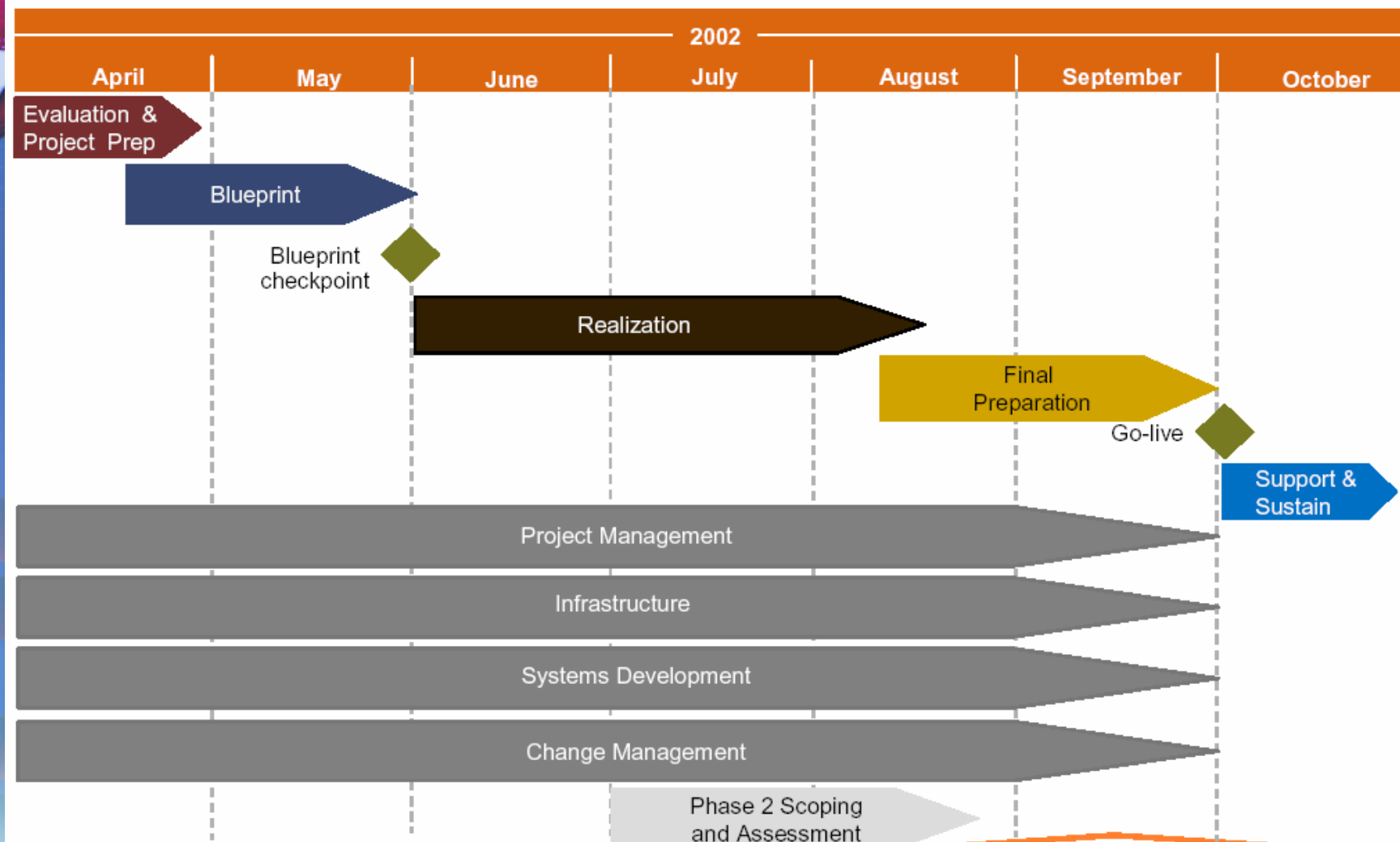
| Threads | PROJECT PHASES | | | | | Total |
|---------------------------|-----------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| | 1.0 Plan & Analyze | 2.0 Design | 3.0 Build | 4.0 Deliver | 5.0 Operate | |
| Project Management | \$114,735 | \$285,701 | \$437,789 | \$126,581 | \$47,491 | \$1,012,297 |
| Value Realization | \$94,082 | \$42,595 | \$81,228 | \$35,080 | \$35,661 | \$288,646 |
| Strategy & Operations | \$163,918 | \$712,069 | \$1,927,378 | \$574,632 | \$396,257 | \$3,774,255 |
| Technology | \$58,573 | \$255,540 | \$956,439 | \$236,489 | \$151,049 | \$1,658,089 |
| Security & Controls | \$27,955 | \$130,457 | \$424,655 | \$74,547 | \$37,273 | \$694,888 |
| People | \$62,765 | \$138,454 | \$494,223 | \$155,049 | \$96,161 | \$946,652 |
| Total | \$522,028 | \$1,564,817 | \$4,321,712 | \$1,202,378 | \$763,892 | \$8,374,826 |
| Duration in Months | 1.5 | 3.5 | 5.5 | 2.0 | 2.0 | 14.5 |

| FACTOR | SCOPE / QUANTITY |
|--------------------|--|
| End Users | 2000 |
| Commands / Sites | 1 |
| Business Processes | 5 |
| Sub-Processes | 50 |
| Instances | 1 |
| RICE | 5 (RIC) each at low, med. & high complexity; 1 (E) enhancement each at low, med. High |

August 25, 2005

Home Station to the Battlefield: Enabling Warfighters

Example Phased Methodology for Task Order Structure



August 25, 2005

Home Station to the Battlefield: Enabling Warfighters

Sample Excerpt from FFP Table Tied to Methodology

Methodology Phase:

Blueprint

Pre-configured Price Tables
In accordance with Methodology

| Services to be Performed by Contractor | Deliverable(s) | Duration | Acceptance Criteria | Payment upon Acceptance |
|---|--|----------|--|-------------------------|
| Establish Project Documentation Standards | Project Documentation Standards | 2 weeks | The documented deliverable shall conform to the format and structure of the sample attached as Attachment D-4. | \$17,200 |
| Perform Process & Functional GAP Analysis and Document Proposed Resolutions | Detailed <u>Gap Analysis Report</u> including proposed resolutions | 4 weeks | The documented deliverable shall conform to the format and structure of the sample attached as Attachment D-6. | \$42,500 |

| Deliverable | Deliverable Price | Payment Upon Acceptance | 10% Holdback | Performance Scorecard Summary | Payment Based on Performance Scorecard |
|------------------------|-------------------|-------------------------|--------------|-------------------------------|--|
| Change Management Plan | \$100,000 | \$90,000 | \$10,000 | Exceeds | \$15,000 |
| | | | | Meets | \$10,000 |
| | | | | Does not meet | \$0 |

Sample Performance Based Holdback

August 25, 2005



Variable Scope with Fixed Pricing

Bolded type shows the
**Baseline scope and
Price** for each task /
deliverable

| Task ID | Task / Deliverable Name | Variability | Factor Description | Factor | Quantity | Unit Price | Project Total Price |
|---------|-------------------------|-------------|--|----------|----------|-------------|---------------------|
| 1.1.1 | Work Plan | Yes | Number Of Sites or Commands | 1 | 1 | \$26,391.08 | \$26,391.08 |
| | | | | 3 | 1 | \$29,030.19 | \$29,030.19 |
| | | | | 7 | 1 | \$31,669.30 | \$31,669.30 |

Description of the
factor that causes
a variable price

The **variable
number** that
determines the
adjusted price

The **adjusted price**
for the variable
number of sites or
commands

Fixed Pricing Menu for Variable Scope

R.I.C.E. Pricing Table

| | Complexity | | |
|----------------------------------|-------------|-------------|-------------|
| | Low | Medium | High |
| Reports & Forms | \$ 3,592.52 | \$ 6,286.91 | \$ 8,083.17 |
| Interfaces | \$ 3,592.52 | \$10,777.56 | \$21,555.13 |
| Conversions | \$ 7,668.88 | \$23,006.63 | \$46,013.27 |
| Extensions & Workflow | \$ 9,580.06 | \$29,937.68 | \$80,232.98 |

Price includes creation of technical specification, coding, documentation and unit testing

| Driver Item | Basis | Scope/Criteria |
|-----------------------|-------|--|
| Enhancements (Low) | 1 | Additional code triggered by package provided tools that will not alter upgradeability. Includes workflow programs |
| Enhancements (Medium) | 1 | Medium = extension to sub-process to include specific client capabilities and requirements |
| Enhancements (High) | 1 | High = whole sub-process that must be designed and coded because it is not supported by package |
| Interfaces (Low) | 5 | Low = batch interface using flat file in or flat file out with error reports |
| Interfaces (Medium) | 5 | Medium = live interface with middleware and batch error reports |
| Interfaces (High) | 5 | High = live interface with middleware and error alerts and data translation tables |
| Conversions (Low) | 5 | Low = Flat file records from legacy with no translation to ERP package |
| Conversions (Medium) | 5 | Medium = Flat file from legacy with data translation and multiple ERP record destinations |
| Conversions (High) | 5 | High = legacy data must be combined with other data in intermediate programs to fabricate the ERP package data required |
| Reports (Low) | 5 | Reports include Forms such as purchase order or invoice. Low = small modification to existing ERP package report or form |
| Reports (Medium) | 5 | Medium = extensive modification to ERP package provided report or form |
| Reports (High) | 5 | High = build from scratch report or form which may require intermediate processing of data to produce |

August 25, 2005



Government Duties

EXAMPLES

- Provide a Project Manager who will ...
- Provide staff resources who ...
- Provide office space, telecommunications, ...
- Provide documentation of business processes ...
- Document data and database file structure ...
- Perform data and file cleanup on legacy systems ...
- Stage legacy system data for conversion ...
- Provide all hardware, software ...
- Conduct User Acceptance test ...

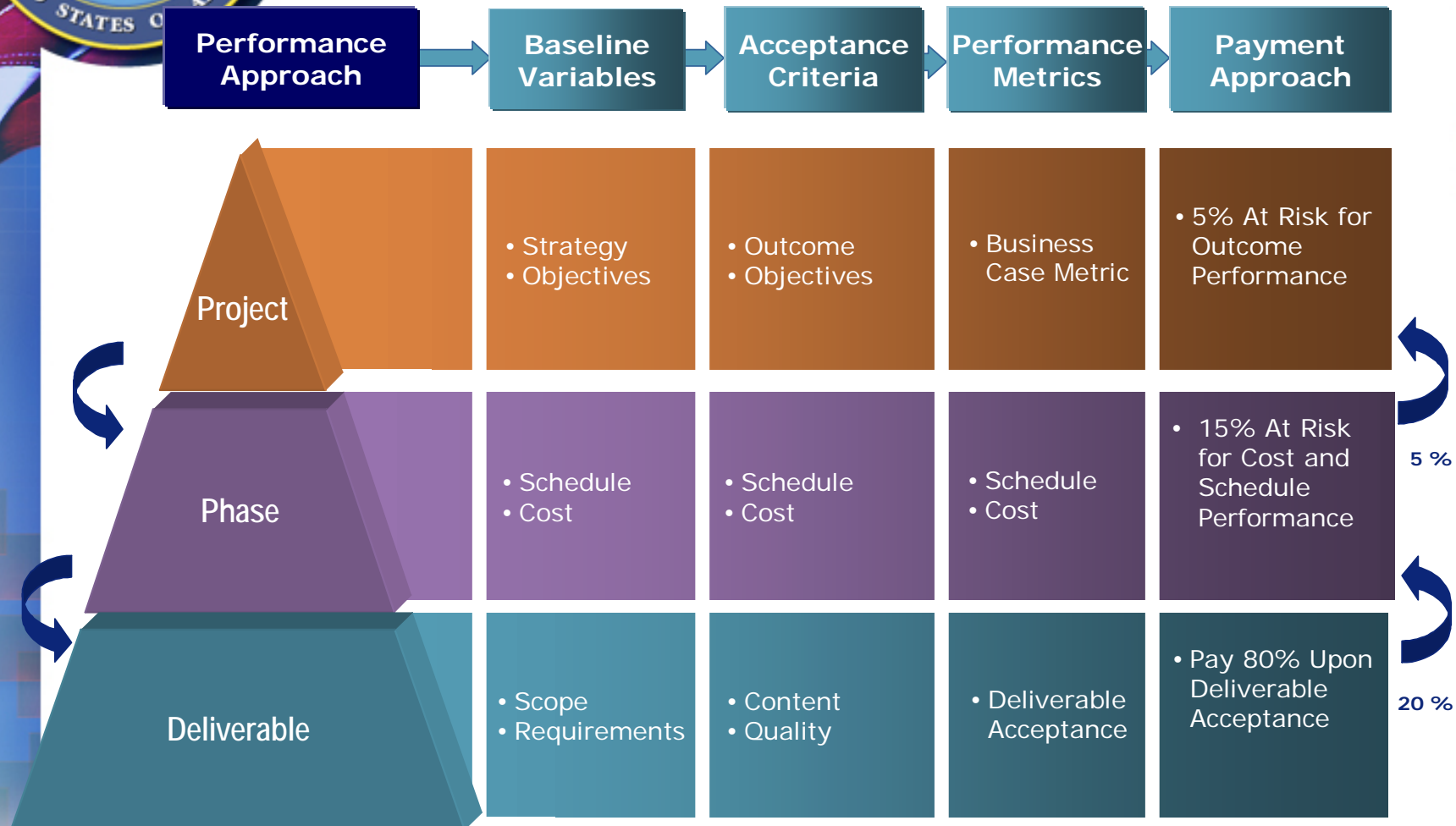
AVOID USE OF ASSUMPTIONS

- Common cause for confusion, failure, delay and avoidable change orders



Home Station to the Battlefield: Enabling Warfighters

Sample Performance Based Approach



August 25, 2005



BPA Holders



Experience

- 18,000+ ERP/COTS implementations

Methodology

- Proven tools, processes, templates for COTS
- Balance IP protection with sharing details

Performance Based Approaches

- Willingness to bear risk

Past Performance

- Proven ability to deliver

Pricing

- Fixed Prices Tied to Methodology
- Performance Based / incentives / penalties
- Flexible menu to fit many scenarios

Who



ESI SI BPA Benefits

Saves Time and Money

- Pre-qualification at the BPA level reduces the time and cost incurred instead of doing a redundant full and open competition
- Section 803 competition requirements already satisfied at the BPA level
- Solicitations less than 30 days are allowed (GSA based - shorter)
- Market research at the Task Order level can be targeted to your program's specific situation – COTS implementation qualification already determined

Price Certainty

- Fixed price services tied to proven methodology
- Payment tied to results with performance incentives
- Modular contracting / deliverables-based payments utilized
- Menu of fixed prices is set for key project variables (e.g. RICE objects)

Flexibility

- Task Orders can be structured to fit your specific program strategy / needs
- Ordering can be done based on specific program requirements

Reduced risk

- Proven implementation methodology and best practices employed in the BPAs
- Less likelihood of a successful protest compared with a full and open competition
- Better educated buyers – the BPAs act as educational tools
- BPAs require Reuse – RICE objects and Training deliverables
- Scope creep reduced by following proven project management processes
- Built-in Knowledge-sharing – lessons learned, tools, and reuse

Why



Home Station to the Battlefield:
Enabling Warfighters

Key Links / Web Sites / Tools

www.esi.mil

| Enterprise Software Initiative Department of Defense | | |
|---|--------------|---|
| Designated Software: ERP Systems Integration | | |
| Software Manufacturer | Lead Service | Reseller |
| Accenture Systems Integration Services | Navy | Accenture, LLP |
| BearingPoint Systems Integration Services | Navy | BearingPoint |
| CSC Systems Integration Services | Navy | Computer Sciences Corporation |
| Deloitte Systems Integration Services | Navy | Deloitte, LLP |
| IBM Systems Integration Services | Navy | IBM Corporation |

ENTERPRISE SOFTWARE INITIATIVE
DEPARTMENT OF DEFENSE

HOME ABOUT

BearingPoint ERP Systems Integration

Contract Document

- [BPA File - Terms & Conditions](#)
- [Attachment A - Tasks & Deliverables Pricing](#)
- [Attachment B - Labor Categories & Rates](#)
- [Attachment C - Performance-Based Contracting Approaches](#)
- [Attachment D - RICE Repository Process](#)
- [Attachment E - Education & Training CONOPS](#)

Modifications

None at this time

POC e-mails

- [Gov't Contracting Officer](#)
- [Gov't Service Product Manager](#)
- [Contractor POC](#)

Contractor: Bearing Point
Type & Number: Competed BPA N00104
Award Date: 3 May 2004
Expiration Date: 3 May 2009
Synopsis: A DoD-wide Blanket Purchase Enterprise Software Initiative for ERP to p Services.
Note: It is the responsibility of the Ordering Office to the individual acquisition. DoD Ordering Office 8.404 and DFARS 208.404, and GSA's Ordering task/delivery order being issued.

Ordering Information:
 [Click here for ITEC Direct](#)

- Open to all Department of Defense(DOD)
- Shipping and Delivery: In accordance with

Contractor Information:
Bearing Point
POC: Andy Higgins
(757) 616-7162

August 25, 2005



Home Station to the Battlefield:
Enabling Warfighters

Points-of-Contact

ESI Working Group Co-Chair (OSD): Jim Clausen

703-602-0980 ext 169 james.clausen@osd.mil

ESI Working Group Co-Chair (DON CIO): Floyd Groce

703-607-5658 floyd.groce@navy.mil

Army: Dee Wardle

732-427-6793 adelia.wardle@us.army.mil

Air Force: Debbie Sackman

703-696-6281
deborah.sackman @pentagon.af.mil

DFAS: John Blagmon

703-607-0076 john.blagmon@dfas.mil

DIA: Mike Szwed

202-231-8860 michael.szwed@dia.mil

NGA: Tony Moore

703-260-5036 mooreca@nga.mil

DLA: Susan Holder

703-767-2179 susan.holder@dla.mil

MDA: Guy Hammer

703-882-6245 guy.hammer@mda.osd.mil

DISA: Mark Root

703-681-2072 rootm@ncr.disa.mil

OSD CIO: Dan Harris

703-695-1309 daniel.harris@osd.mil

SAM PM: Bob Smith

703-602-0980 ext 126 robert.smith@osd.mil

VITM PM: Rick Perron

703-602-0980 ext 135 richard.perron@osd.mil

August 25, 2005